

20 USC
7703
note.

(3) in subparagraph (B), by striking "such year" and inserting "the fiscal year for which the local educational agency is applying for assistance under this subsection".

(h) DETERMINATION OF AVAILABLE FUNDS.—

Paragraph (3) of section 8003(f) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7703(f)) is amended—
(1) in the matter preceding subclause (I) of subparagraph (A)(iii), by inserting , except as provided in subparagraph (C), after "but"; and
(2) by adding at the end the following new subparagraph:

"(C) DETERMINATION OF AVAILABLE FUNDS.—When determining the amount of funds available to the local educational agency for current expenditures for purposes of subparagraph (A)(iii) for a fiscal year, the Secretary shall include, with respect to the local educational agency, its opening cash balance for such fiscal year, the portion of such balance that is the greater of—

(i) the amount that exceeds the maximum amount of funds for current expenditures that the local educational agency was allowed by State law to carry over from the prior fiscal year, if State restrictions on such amounts were applied uniformly to all local educational agencies in the State;

or section 8002 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7702) (as amended by the section 1) is further amended by adding at the end thereof the following new subsection:

that "(i) PRIORITY PAYMENTS.—Notwithstanding subsection (b)(1)(B), for any fiscal year beginning with fiscal year 1997 for which the amount appropriated to carry out this section exceeds the amount so appropriated for fiscal year 1996, the Secretary shall first use such excess amount to increase the payment that would otherwise be made under this section to not more than 50 percent of the maximum amount determined under subsection (b). For any

oper local educational agency that—
"(1) received a payment under this section for fiscal year

1996;
"(2) serves a school district that contains all or a portion

of a United States military academy;

"(3) serves a school district in which the local tax assessor

has certified that at least 60 percent of the real property is federally owned; and

“(4) demonstrates to the satisfaction of the Secretary that

such agency is deriving revenue derived from local sources for current expenditures is not less than that revenue for the preceding fiscal year.”.

SEC. 7. TREATMENT OF IMPACT AID PAYMENTS.

(a) IN GENERAL.—The Secretary of Education shall treat any State as having met the requirements of section 5(d)(2)(A) of the Act of September 30, 1950 (Public Law 874, 81st Congress) for

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